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BEFORE THE ARIZONA CORPORATION COMMISSION RECEIVED

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Arizona Corporation Commission

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AZ CORP COMMISSION  
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*CR*

IN THE MATTER OF COMPETITION IN THE  
PROVISION OF ELECTRIC SERVICES  
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. RE-00000C-94-0165

IN THE MATTER OF THE STRANDED COST  
FILING AND REQUEST FOR A WAIVER OF  
CERTAIN PORTIONS OF THE RULES FILED BY  
MOHAVE ELECTRIC COOPERATIVE, INC.

DOCKET NO. E-01750A-98-0467

IN THE MATTER OF THE FILING BY MOHAVE  
ELECTRIC COOPERATIVE, INC. OF  
UNBUNDLED AND STANDARD OFFER  
SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-  
1606

DOCKET NO. E-01750A-97-0701

IN THE MATTER OF THE STRANDED COST  
FILING AND REQUEST FOR A WAIVER OF  
CERTAIN PORTIONS OF THE RULES FILED BY  
TRICO ELECTRIC COOPERATIVE, INC.

DOCKET NO. E-01461A-98-0466

IN THE MATTER OF THE FILING BY TRICO  
ELECTRIC COOPERATIVE, INC. OF  
UNBUNDLED AND STANDARD OFFER  
SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-  
1606

DOCKET NO. E-01461A-97-0696

IN THE MATTER OF THE STRANDED COST  
FILING AND REQUEST FOR A WAIVER OF  
CERTAIN PORTIONS OF THE RULES FILED BY  
GRAHAM COUNTY ELECTRIC COOPERATIVE,  
INC.

DOCKET NO. E-01749A-98-0468

IN THE MATTER OF THE STRANDED COST  
FILING AND REQUEST FOR A WAIVER OF  
CERTAIN PORTIONS OF THE RULES FILED BY  
DUNCAN VALLEY ELECTRIC COOPERATIVE,  
INC.

DOCKET NO. E-01703A-98-0469

IN THE MATTER OF THE STRANDED COST  
FILING AND REQUEST FOR A WAIVER OF  
CERTAIN PORTIONS OF THE RULES FILED BY  
SULPHUR SPRINGS VALLEY ELECTRIC  
COOPERATIVE, INC.

DOCKET NO. E-01575A-98-0472

IN THE MATTER OF THE FILING BY SULPHUR  
SPRINGS VALLEY ELECTRIC COOPERATIVE,  
INC. OF UNBUNDLED AND STANDARD OFFER  
SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-  
1606

DOCKET NO. E-01575A-97-0706

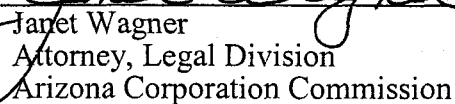
STAFF'S RESPONSE TO  
APPLICATION TO SCHEDULE  
STRANDED COST HEARINGS

1 On December 19, 2003, Phelps Dodge, ASARCO, and Arizonans for Electric Choice and  
2 Competition (collectively, "Applicants") filed a motion asking the Commission to schedule stranded  
3 cost hearings for the distribution cooperatives in order to open their service territories to electric  
4 competition. On January 9, 2004, the Cooperatives filed responses opposing the motion. Arizona  
5 Corporation Commission staff ("Staff") now submits its response to the Applicants' request. Like the  
6 Cooperatives, Staff opposes the Applicants' request, although Staff does not agree with all of the  
7 Cooperatives' reasons.

8 In Decision No. 65154, also referred to as the "Track A" decision, the Commission instructed  
9 Staff to re-examine the existing electric competition rules. Staff has begun that process: it has  
10 solicited and received comments from interested parties, and, in December, it held an initial  
11 workshop to discuss possible rule revisions. The Cooperatives correctly state that the suggested  
12 revisions cover a wide range of subjects and, in some cases, differ significantly from the existing  
13 rules. Staff believes that it is unwise to begin proceedings to open the distribution cooperatives'  
14 territories to competition while at the same time reconsidering various aspects of the existing rules.  
15 The proceedings that Applicants seek to initiate may interfere with ongoing efforts to re-examine the  
16 rules by taking time from those efforts and redirecting it to other proceedings. Most disturbing of all  
17 is the possibility that the Commission could expend valuable time and resources to process the  
18 Cooperatives' stranded cost cases under the existing rules only to have those results made irrelevant  
19 or incomplete by subsequent rule amendments.

20 Neither the Commission nor the interested parties has unlimited resources. Because the  
21 Commission has instructed Staff to re-examine the rules, Staff believes that, absent some compelling  
22 reason, it is unwise at this time and in these circumstances to initiate a stranded cost proceeding  
23 under the existing rules.

24 **RESPECTFULLY SUBMITTED** this 22<sup>nd</sup> day of January 2004.

25  
26   
27 Janet Wagner  
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1 The original and twenty-nine (29) copies  
2 of the foregoing were filed this  
22<sup>nd</sup> day of January 2004 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

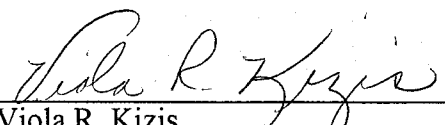
7 Copies of the foregoing were mailed  
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